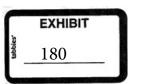
# South Carolina General Assembly 123rd Session, 2019-2020



## S. 110

### STATUS INFORMATION

General Bill

Sponsors: Senator Massey

Document Path: 1:\s-jud\bills\massey\jud0018.hla.docx

Prefiled in the Senate on December 12, 2018

Currently residing in the Senate Committee on Judiciary

Summary: Not yet available

# HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
12/12/2018	Senate	Prefiled
12/12/2018	Senate	Referred to Committee on <b>Judiciary</b>

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## VERSIONS OF THIS BILL

12/12/2018

2 3 5 6 7 8 A BILL 9

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TO AMEND THE SOUTH CAROLINA CODE OF LAWS, 1976, BY ADDING SECTION 58-27-1025 TO ALLOW THE PUBLIC SERVICE COMMISSION TO AUTHORIZE THE ISSUANCE OF BONDS FOR THE PURPOSES OF OFFSETTING AND REDUCING PRUDENTLY INCURRED COSTS DUE TO A STATE OF EMERGENCY DECLARED BY THE GOVERNOR OR ABANDONMENT OF A PROJECT AUTHORIZED UNDER ARTICLE 4, CHAPTER 33, TITLE 58, AND TO ESTABLISH 19 REQUIREMENTS AND PROCESSES FOR AUTHORIZATION OF THESE BONDS.

22 Be it enacted by the General Assembly of the State of South 23 Carolina:

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25 SECTION 1. Article 7, Chapter 27, Title 58 of the 1976 Code is 26 amended by adding:

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28 "Section 58-27-1025 (A) The commission by order authorize the issuance of bonds for the purposes of offsetting and reducing prudently incurred costs due to either a state of emergency declared by the Governor or abandonment of a project authorized under Article 4, Chapter 33, Title 58. In order for the 32 commission to authorize the issuance of these bonds, it must find that a utility's use of this financing mechanism will reduce or otherwise mitigate rate impacts to ratepayers when compared to traditional utility costs recovery methods. The commission shall set the amount of recoverable costs and allowable financing costs 37 to be securitized and shall authorize a special charge to ratepayers to be used solely to repay the securitized debt. The special charge shall not exceed the actual cost to the utility to repay the securitized debt. Except as provided in this section, a financing order is irrevocable, and the commission may not amend, modify

[110] 1 or terminate the order by any subsequent action or reduce, impair, postpone, terminate or otherwise adjust the charges approved in the order. A financing order issued to a utility remains in effect notwithstanding the reorganization, bankruptcy or other insolvency processing, merger, or sale of the utility or its successor or assignees. The financing order issued by the commission shall:

(1) specify the amount of securitized debt to be financed and recovered from ratepayers;

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- (2) specify the time period over which the securitized debt is to be recovered from ratepayers;
- (3) provide detailed findings addressing cost-effectiveness and associated rate impacts;
- (4) require the imposition and collection of the special charge be nonbypassable and paid by all future ratepayers receiving service from the utility or its successors or assignees;
- (5) include a mechanism for making and approving periodic adjustments to the special charge to correct over- and undercollection of the special charges or to otherwise ensure the timely payment of the securitized debt;
- (6) specify the special purpose entity that shall be used to pay or secure the bonds;
- (7) specify the periodic reporting requirements as deemed necessary by the commission; and
- (8) include any other conditions the commission considers appropriate and that are authorized by this section.
- (B) If authorized by the commission to issue such bonds, the utility shall cause their issuance through a special purpose entity. The utility shall receive the special charges approved by the commission and the special purpose entity in turn shall issue the bonds through a true sale. The true sale shall be achieved through an absolute transfer of the utility's entire right, title, and interest in the special charges. The transferred property right in the charges then shall be pledged by the special purpose entity to secure the payment of the debt service on the bonds that the special purpose entity issues. The bonds shall be payable solely from the pledged special charges. The securitization bonds are non-recourse to the utility and the principal, interest, and other financing costs shall be paid by the utility's current and future ratepayers through a nonbypassable charge that is separate and apart from the electric utility's base rates, on their electric bill as approved by the commission. The commission shall adjust the charge periodically to guarantee sufficient funds to timely pay principal, interest, and all expenses of the transaction, to make necessary adjustments to

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correct for any overcollection and undercollection, and shall require the utility to use the net proceeds received from the transaction for specified purposes in regard to the abandonment.

- (C) As part of the securitization authorized by this section, the State of South Carolina covenants with bondholders, the owners of the charges, and other financing parties that the State will not:
- (1) alter the provisions of this section which make the charges imposed by a financing order irrevocable, binding, and nonbypassable charges;
- (2) take or permit any action that impairs or would impair the value of the charges or revises the costs for which recovery is authorized; or
- (3) except as authorized under this section, reduce, alter, or impair charges that are to be imposed, collected, and remitted for the benefit of the bondholders and other financing parties until any and all principal, interest, premium, financing costs, and other fees, expenses, or charges incurred, and any contracts to be performed, in connection with the related bonds have been paid and performed in full.
- (D) The commission shall have a hearing to examine the impact of securitization on rates charged to ratepayers balanced with the economic impact of securitization on the utility with the goal of mitigating rate impacts to ratepayers. In the event that the commission determines that securitization is a feasible option for the utility to recover its costs pursuant to this section, and that securitization provides the lowest costs for the ratepayers yet the utility choses to not utilize securitization, the commission shall order that the utility cannot recover from ratepayers an amount more than the utility could have recovered pursuant to securitization."

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SECTION 2. This act takes effect upon approval by the Governor.

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